

Alabama phone deregulation increases Jan. 1 as PSC loses control over 4 companies

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By **The Associated Press**

MONTGOMERY, Alabama — The deregulation of the phone business in Alabama takes another big step Saturday with the state's utility regulatory board losing its last control over rates charged for home and business phones maintained by AT&T and 3 other major companies.



After Saturday, the Public Service Commission will no longer control rates for the landlines of Windstream, Gulf Telephone Co., CenturyLink and AT&T's BellSouth. The PSC will be reduced to regulating the rates of 26 small rural phone companies.

"In those areas, telephone service remains a monopoly, and we will be vigilant in protecting the interests of rural customers," Commissioner Terry Dunn said Thursday.

Deregulation began in 2005, when the Legislature passed a law that ended the PSC's ratemaking authority over much of the traditional landline business that large phone companies had in Alabama, including home phones with optional services, such as caller ID or call waiting.

The Legislature passed another deregulation bill in 2009 that ended the PSC's remaining control over basic landline phones for homes with no optional services and for businesses that had four phones or fewer. The Legislature delayed implementation until Jan. 1, 2011, and it applied the deregulation to larger companies in competitive markets.

At the time the law passed, AT&T estimated that 20 percent of its residential customers and 10 percent of its businesses customers were still regulated and would be affected by the change on Jan. 1, 2011.

AT&T spokesman Hood Harris said Thursday he didn't have updated figures, but few are affected by the change because most residential customers purchase optional features and were covered by the 2005 deregulation.

He said the state's largest telephone company pushed for deregulation to give it a level playing field with unregulated companies that sell phone service, including cable TV and Internet providers.

Dunn said the purpose of deregulation is to foster competition with unregulated phone providers and keep rates down. "We will be watching to see whether prices fall," he said Thursday.

AT&T's Hood could not predict what rates will do over the next year, but he said, "We still have to remain competitive in the market place."

PSC President Lucy Baxley, who opposed the 2009 law, said she remains concerned that deregulation is not in the best interest of consumers.

"I hope the competition among the various telephone companies will keep rates low for the consumer. I also hope in the end the big phone companies don't gobble up all smaller ones. We'll all just have to wait and see," she said.

Associated Press Writer Phillip Rawls wrote this report, which was updated at 11:42 p.m. to include more information.

http://blog.al.com/wire/2010/12/alabama_phone_deregulation_inc.html